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**ASX Announcement**
**30 October 2020**

# Quarterly Cashflow report – Period ending 30 September 2020

**Highlights:**

- Regeneus and Kyocera sign milestone licence and collaboration agreement, granting Kyocera exclusive rights to develop and commercialise Progenza™ for the treatment of Knee Osteoarthritis (Knee OA) in Japan
- Receipt of A$1.3M in milestone payment from Kyocera as part of Progenza OA deal (a further A$5.6M milestone payment was received on 29 October)
- New Sygenus patent to be granted in U.S., expanding application of the platform technology into the Aesthetics Therapeutic market
- Receipt of $676k in R&D Tax Incentives from the Australian Tax Office for FY20

**Regeneus Ltd (ASX: RGS)** (**Regeneus** or **the Company**), a clinical-stage regenerative medicine company, today released its quarterly cash flow report and review of operational activities for the period ending 30 September 2020 (the quarter).

**Operational highlights**

During the quarter, the Company achieved a significant milestone with the signing of a licence and collaboration agreement with Japanese manufacturer Kyocera Corporation (Kyocera, TYO:6971), giving Kyocera exclusive rights to develop and commercialise Regeneus' lead stem cell platform technology Progenza™ for the treatment of Knee Osteoarthritis (Knee OA) in Japan (see announcement of 11 August 2020).

Pursuant to the terms of the agreement, Regeneus received payment from Kyocera of A$1.3M for the completion of execution of the agreement (see announcement of 28 August 2020).

During the quarter, Regeneus also expanded its patent portfolio for its second platform technology Sygenus with a patent to be granted in the US. The patent covers treatment of a broad range of non-inflammatory skin conditions with adipose-derived cell secretions, including age spots, wrinkles, and other age-related conditions, through to 2032.

Since the end of the quarter, Regeneus announced further advancements in its patent portfolio, including securing a Notice of Acceptance for an Australian patent application covering the use of biomarkers to monitor disease progression for stem cell therapy, and a new Sygenus patent in Canada covering topical treatment of acne using adipose tissue-derived secretions.

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**Financial update**

The Company's cash balance as at 30 September 2020 was $1.5M. Net operating cash inflow for the quarter was $509k, including the receipt from Kyocera, expenses on R&D activities and corporate costs and the receipt of $676k in R&D tax incentive for eligible Australian R&D activities undertaken by the Company in 2020, offset partially by a tax payment of $122k.

Falling outside of the quarter, the Company received a $5.6M milestone payment from Kyocera as part of the Progenza OA deal (see announcement of 29 October 2020).

In light of the receipt of the latest milestone payment from Kyocera, the Company notes that the loan facilities totalling $4m provided by Paddington St Finance and Leo Lee (see announcement of 28 February 2020), have been cancelled, following a final principal repayment of $1.1M.

**Outlook**

Regeneus will continue to focus on its partnership with Kyocera as it progresses toward Phase II clinical trials. In addition, the Company will continue to explore new opportunities for Progenza™ to treat indications in neuropathic pain.

**-ENDS-**

**About Regeneus**

Regeneus Ltd (ASX:RGS) is a Sydney-based clinical-stage regenerative medicine company using stem cell technologies to develop a portfolio of novel cell-based therapies. The regenerative therapies seek to address unmet medical needs in human health markets, focusing on neuropathic pain, including osteoarthritis and various skin conditions, with its platform technologies Progenza™ and Sygenus. Visit www.regeneus.com.au for more information.

**Authorisation & Additional information**

This announcement was authorised by the Board of Directors of Regeneus Ltd

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# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

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**Name of entity**

Regeneus Ltd

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 13 127 035 358 | 30th September 2020 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date ( 3 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 1,299 | 1,299 |
| 1.2 | Payments for | | |
| | (a) research and development | (71) | (71) |
| | (b) product manufacturing and operating costs | - | - |
| | (c) advertising and marketing | - | - |
| | (d) leased assets | (2) | (2) |
| | (e) staff costs (including Directors) | (937) | (937) |
| | (f) administration and corporate costs | (334) | (334) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 554 | 554 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **509** | **509** |

1.1 Receipts from Customers is the non-refundable milestone payment received from Kyocera Corporation of Japan
1.2 Staff costs includes past due Directors fees and a bonus to Leo Lee refer note 6
1.7 Government grants and tax includes the R&D incentive for the 2020 financial year of $676k less tax owed of $147k and the COVID-19 cash boost of $25k.

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date ( 3 months) $A'000 |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **-** | **-** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options (including proceeds from shareholder loan) | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **-** | **-** |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date ( 3 months) $A'000** |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 982 | 982 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 509 | 509 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **1,491** | **1,491** |

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A'000** | **Previous quarter $A'000** |
|---|---|---|---|
| 5.1 | Bank balances | 1,491 | 982 |
| 5.2 | Call deposits | | - |
| 5.3 | Bank overdrafts | | - |
| 5.4 | Other (provide details) | | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **1,491** | **982** |

| **6.** | **Payments to related parties of the entity and their associates** | **Current quarter $A'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 536 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Aggregate payments to related parties of $536k includes 4 months payments of non-executive Directors fees and a bonus of $325k to Leo Lee for finalising the Kyocera contract.



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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | 4,000 | 1,100 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | **Total financing facilities** | 4,000 | 1,100 |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | 2,900 |

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan facility of $4.0 million relates to the following facilities announced on 28 February 2020

- Mr Leo Lee has provided a $2.0m facility, currently drawn down by $1.1m under terms which include rights to security over Regeneus' assets.
- Paddington St Finance an entity related to Mr Barry Sechos also provided a $2.0m facility to be drawn upon only once Mr Lee's facility is fully drawn. It also includes rights to security of Regeneus' assets.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) (net of receipt) | (1,344) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 1,491 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | 2,900 |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 4,391 |
| 8.5 | **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)** | 3.3 qtrs |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ..30 October 2020.....

Authorised by: ...By the board.....
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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